

6TH DISTRICT OFFICES:

FOND DU LAC, WI
(920) 922-1180

OSHKOSH, WI
(920) 231-6333

Congress of the United States
House of Representatives
Washington, DC 20515-4906

May 15, 2007

Chairman John Spratt
Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

Ranking Member Paul Ryan
Committee on the Budget
B71 Cannon House Office Building
Washington, DC 20515

Dear Chairman Spratt and Ranking Member Ryan:

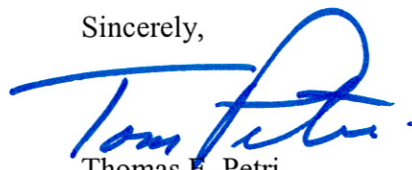
The Office of Management and Budget (OMB) under both Presidents Clinton and Bush, as well as the Congressional Budget Office (CBO) and Government Accountability Office (GAO) have consistently confirmed the cost differences between our two federal student loan delivery systems. In each case, the Direct Loan program is substantially more cost-effective than the archaic and fraud-prone Federal Family Education Loan (FFEL) program. In fact, there is near-unanimous agreement that taxpayers needlessly spend between \$3 to \$5 billion each year in wasteful subsidies in the FFEL program.

The \$75 million instruction to the Education and Labor Committee in the House budget report has been the focus of much speculation by certain parties over the last several weeks. However, I believe this instruction provides an excellent opportunity for the Committee to address this important issue. As a senior Republican member of the Committee, I believe that such an instruction could provide an impetus for the consideration of reforms that could save taxpayers billions annually, which is precisely the purpose of these resolutions.

As you finalize your work on the Fiscal Year 2008 budget conference, I hope that budget negotiators will take this startling waste into account and consider using the savings to reduce the deficit. Reducing the deficit should not be a partisan issue - rather, we should use all legislative tools at our disposal to consider options to better serve students while providing taxpayers a better return on their investment.

Thank you for your consideration and your attention to this important opportunity to reduce wasteful spending. Please do not hesitate to contact me or my aide, Thomas Culligan, at 202-225-2476 if I may be of assistance.

Sincerely,



Thomas E. Petri
Member of Congress